

Supreme Court, U. S.  
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IN THE  
**Supreme Court Of The United States**  
OCTOBER TERM, 1978

No. — **78 - 242**

LESLIE ANDERSON AND  
JAMES A. ANDERSON ..... Petitioners

v.

UNITED STATES OF AMERICA ..... Respondent

**PETITION FOR A WRIT OF CERTIORARI TO THE  
UNITED STATES COURT OF APPEALS  
FOR THE EIGHTH CIRCUIT**

H. DAVID BLAIR  
P.O. Box 2595  
255 East College Avenue  
Batesville, Arkansas 72501

HARRY L. PONDER  
P.O. Box 271  
Walnut Ridge, Arkansas 72476

*Counsel for Petitioners*

August 11, 1978

TREVATHAN PRINTING COMPANY, NEWPORT, ARKANSAS

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August 11, 1978

Petitioners, Leslie Anderson and James A. Anderson, respectfully pray that a writ of certiorari issue to review the judgments and opinion of the United States Court of Appeals for the Eighth Circuit entered in this proceeding on June 21, 1978, and rehearing of which was denied on July 13, 1978.

## OPINION BELOW

The opinion of the Court of Appeals, not yet reported, is reproduced in the Appendix hereto. The judgments of conviction in the United States District Court for the Eastern District of Arkansas were entered upon jury verdicts and no opinion was rendered by that court.

## JURISDICTION

The judgments of the Circuit Court of Appeals for the Eighth Circuit were entered on June 21, 1978. Timely petitions for rehearing and rehearing *en banc* were denied on July 13, 1978. This petition for writ of certiorari was filed within 30 days of that date. This Court's jurisdiction is invoked under 28 U.S.C. §1254(1).

## QUESTIONS PRESENTED

1. Whether an agreement to do an act which neither results in monetary loss to the United States nor demonstrably interferes with the performance of its governmental functions comes within the general conspiracy statute, 18 U.S.C. §371.
2. Whether the coalescing vaguenesses of the conspiracy doctrine and of the judicial definition of fraud, for purposes of 18 U.S.C. §371, have resulted in making criminal an agreement as to which petitioners had no fair warning of the criminality thereof, thus denying them due process of law.
3. Whether in order to be a member of a conspiracy a person must have the requisite specific intent, and, if so, whether he is entitled to a cautionary instruction to this effect.
4. Whether a conviction of conspiracy which is alleged to have included the making of false statements to a government agency must be reversed when it is determined as a matter of law the statements were not false.

## STATUTORY PROVISIONS INVOLVED

*United States Code, Title 28:*

*§371. Conspiracy to commit offense or to defraud United States*

If two or more persons conspire either to commit any offense against the United States, or to defraud the United States, or any agency thereof in any manner or for any purpose, and one or more of such persons do any act to effect the object of the conspiracy, each shall be fined not more than \$10,000.00 or imprisoned not more than five years, or both.

...."

## STATEMENT OF THE CASE

Petitioner Leslie Anderson is the County Judge of Sharp County, Arkansas. Petitioner James A. Anderson is his son. The office of County Judge in Arkansas is one primarily of an administrative rather than judicial nature.

Under the Federal Aid Road Act, 39 Stat. 355, federal funds were made available for improvement of county roads. The administration of these funds, and supervision of improvements, has been delegated, as regards Arkansas, by the appropriate federal agency to the Arkansas Highway Department. Petitioner Leslie Anderson, as County Judge, submitted a certain road improvement project to the State agency which in turn approved it for financing under the federal program. The county then contracted with the state highway department to make the improvements in accordance with specifications determined by the state agency.

At the time this road improvement project was being performed by Sharp County, it was also the recipient of funds under the Comprehensive Employment and Training Act of 1973 (hereinafter referred to as CETA). Some of the workers whose salaries were reimbursed under that act worked upon the road improvement.

Under the contract between the State Highway Department and the county, the improvements were divided into categories and a specified price was set for the respective units of work. Petitioner James A. Anderson performed certain portions of this contract, and was paid, by the county, at the rate specified in the contract. Petitioners utilized a strawman to conceal the fact James A. Anderson was performing a portion of the contract and was being paid therefor. The work done by Petitioner James A. Anderson

was inspected and certified by the State Highway Department both as to quality and quantity and federal funds were paid upon the basis of the certification.

In performing this work, Petitioner James A. Anderson had the benefit of labor from some of the workers whose salaries were being reimbursed to the county through the CETA program. This Petitioner also did work under other portions of the contract of value equal to the labor, for which he was not paid.

Petitioners were indicted for conspiracy to defraud the United States, in violation of 18 U.S.C. §371, and Petitioner Leslie Anderson was indicted upon four counts of making a false statement to a government agency, 18 U.S.C. §1001. The false statement counts related to invoices for CETA workers on road project and also the submission of these was alleged to be a part of the conspiracy upon which both Petitioners were indicted.

In the United States District Court for the Eastern District of Arkansas, Petitioners were convicted upon all counts by judgment entered on a jury verdict. Appeal was taken to the Court of Appeals for the Eighth Circuit where the convictions of four counts of making false statements were reversed and dismissed and the majority opinion affirmed the conviction of both petitioners upon the conspiracy charge, 18 U.S.C. §371. To review this judgment and opinion Petitioners pray that a writ of certiorari issue.

## REASONS FOR GRANTING THE WRIT

1. THE DECISION OF THE COURT OF APPEALS RAISES AN IMPORTANT QUESTION OF FEDERAL LAW AS REGARDS THE SCOPE OF 18 U.S.C. §371 WHICH SHOULD BE DETERMINED BY A DECISION OF THIS COURT.

This case presents a situation where an official of a county, which held a contract to do certain work which was to be federally funded, allowed his son to perform a portion of the work and both took steps to conceal the son's participation as a subcontractor on the project. The son had the benefit of county labor in performing his portion of the contract and the evidence demonstrated that he repaid the county in kind by doing work for which he neither submitted a claim nor was paid. Petitioners submit that any objective view of the record will show that the gravamen of this conviction was the concealment of Petitioner James A. Anderson's role in the performance of the contract.

It is the position of Petitioners that their conduct, and the agreement that may be inferred therefrom, does not amount to a conspiracy to defraud the United States and thus does not come within the ambit of 18 U.S.C. §371, because of the vast number of federally funded programs, Petitioners submit their convictions raise serious questions as to the scope of 18 U.S.C. §371, which should be determined by a definitive decision of this Court. What is at issue here is the extent to which a federally determined sense of business or political morality may be read into the fabric of the federal criminal law under the expansive language defining an offense under 18 U.S.C. §371, developed from *Hyde v. Shine*, 199 U.S. 62 (1905) through *Hammerschmidt v. United States*, 265 U.S. 182 (1924).

Although Petitioners do not take issue with the language of *Hammerschmidt*, as an abstract statement of law, they do suggest that its focus must sometimes be sharpened in the light of the facts of particular cases. Contrary to the holding of the majority opinion of the Court of Appeals, the conduct of the Petitioners neither caused monetary loss to the government nor in any way interfered with any of its functions as is ably demonstrated by the dissenting opinion. See Appendix p. 25 (Henley, J.) To characterize this conduct as coming within the scope of 18 U.S.C. §371 is to subject all transactions as to which any federal funding is involved to federal criminal liability. What is the applicability of 18 U.S.C. §371 to a contractor or subcontractor who fails to pay his creditors? What of a person who, for purposes apart from interfering with a government function, forms a corporation to bid on a project for purpose of preventing his participation from being public?

Petitioners suggest that it is important that there be some definitive delineation of the scope of this statute and their conviction was outside the intended pale of this law. For this reason alone the writ of certiorari should be granted.

2. THE CONSTRUCTION OF 18 U.S.C. §371 IMPLICIT IN THE MAJORITY OPINION OF THE COURT OF APPEALS IS CONTRARY TO THE DECISION OF THIS COURT HOLDING THAT DUE PROCESS OF LAW REQUIRES A FAIR WARNING OF THE CRIMINALITY OF ANY PARTICULAR CONDUCT.

Petitioners submit that their conviction is directly in contravention of the due process requirement of fair warning, e.g., *Palmer v. City of Euclid*, 402 U.S. 544 (1971). What was done by Petitioners neither resulted in detriment to the United States, i.e., it did not increase the cost of the project, nor did it interfere with the accomplishment of the government's objective, i.e., the road was built in accordance with specifications and the unemployed were given jobs under the CETA program. There is no proof that Petitioner's dealings violated any state or local law or regulation. Petitioners made no misrepresentation to the government agencies involved. For purposes which do not appear in the record, Petitioners concealed James A. Anderson's relationship to the work being done. Since Leslie Anderson is an elected official, there are obvious reasons for this concealment unrelated to any thought of the federal government. It is submitted that Petitioners had no fair warning that this arrangement would be construed as defrauding the government and therefore their conviction violates due process.

This Court has repeatedly held that a statute which, by reason of vagueness fails to fairly warn, what conduct is proscribed is void, e.g., *United States v. L. Cohen Grocery Co.*, 255 U.S. 81 (1921). Those same constitutional values should preclude such an expansive definition of the conspiracy to defraud concepts so as to ensnare within the

federal criminal net that as to which the participants were not fairly warned as to its criminality. *United States v. Harriss*, 347 U.S. 612 (1954). When the scope of the conspiracy statute, 18 U.S.C. §371, is delineated in accordance with the fair warning requirement, and with reference to the facts of this case, see *United States v. Mazurie*, 419 U.S. 544 (1975), it is submitted that conduct upon which Petitioners' convictions are based will be beyond the permissible statutory scope.

Because of this conflict with the due process fair warning requirement, the writ of certiorari should issue to review the opinion below.

3. THE OPINION OF THE COURT OF APPEALS AS REGARDS PETITIONER JAMES A. ANDERSON IS IN CONFLICT WITH CONTROLLING PRECEDENTS OF THIS COURT.

As regards Petitioner James A. Anderson, the opinion of the Eighth Circuit is in clear conflict with this Court's opinion in *Ingram v. United States*, 360 U.S. 672 (1959). In *Ingram* it was held that employees of persons charged with conspiring to evade payment of taxes, although participants in the scheme were not criminally liable absent proof they knew that one of the objectives of the plan was to evade a tax liability. Translated to this case, *Ingram* means James A. Anderson could be a culpable conspirator only if the evidence shows he knew that a federal program or funds were involved or affected by the conspiracy. There is not any evidence in the record that Petitioner James A. Anderson knew of the source of funding for the road job, nor the fact that county laborers who assisted him were paid through the CETA programs.

Absent any knowledge of the federal participation in the programs, the requisite element of willfulness, *United States v. Falcone*, 311 U.S. 205 (1940), is absent. Furthermore this deficiency of proof cannot be supplied by the compounding of inferences. *Direct Sales Co. v. United States*, 319 U.S. 703 (1943).

Irrespective of the Court's determination upon the other points presented, it is clear that the writ of certiorari should issue as regards James A. Anderson because of the manifest conflict of opinion below and the foregoing controlling precedents of this Court.

4. THE OPINION BELOW IS IN CONFLICT IN PRINCIPLE WITH DECISIONS OF THIS COURT AND OTHER CIRCUIT COURTS OF APPEAL AS REGARDS DEFENDANT'S CAUTIONARY INSTRUCTION.

Because there were other possible objects of the concealment other than defrauding the United States, and which would not constitute a violation of 18 U.S.C. §371, see *Ingram v. United States, supra*, Petitioners requested the following cautionary instruction:

"The defendants are charged in Count I with conspiring to defraud the United States. In connection with this charge, the prosecution has the burden of proving beyond a reasonable doubt that the object of the conspiracy was to deceive or cheat the United States. Proof of an intent to defraud some other person or government would not be sufficient for a conviction on this charge and should not be considered by you.

If, therefore, the jury does not find beyond a reasonable doubt that the defendants knowingly and willingly conspired together with the specific purpose of defrauding the United States, then you should acquit the defendants on this charge."

(Transcript pp. 579-80)

This instruction was refused by the District Court and the Court of Appeals held that this point was adequately covered by other instructions. Appendix p. 16 n. 2. Petitioners respectfully take exception to this holding and submit that the Court of Appeals' opinion is, on this point, in conflict in principle with precedents of this Court, *United States v. Guest*, 383 U.S. 745, 760 (1966), and of other

Circuits, *United States v. Gillilan*, 288 F.2d 796 (2d Cir. 1961); *Sears v. United States*, 343 F.2d 139 (5th Cir. 1965).

Every criminal conspiracy is not proscribed by 18 U.S.C. §371; only those for the specific purposes enumerated in the statute. Under the principle of *United States v. Guest, supra*, the Petitioners were entitled to instructions specifically delineating the offense. In view of the possible multiple objects of any agreement between Petitioners, some of which would not come within the perview of the statute, Petitioners were entitled to the instruction expressly excluding the non-federal objectives as a basis for conviction. See *United States v. Vilhott*, 452 F.2d 1186 (2d Cir. 1971).

This error was accentuated by the failure to reverse the conspiracy convictions upon reversal of the false statement counts. By both the indictment and proof, the alleged false statements inextricably intertwined in the alleged conspiracy. That the jury's deliberations upon the one were materially influenced by its finding of guilt on the other is more than an imaginary possibility, particularly in the absence of the requested cautionary instruction. The possibility of such spill-over effect of itself should have required reversal of the conspiracy conviction. Cf. *United States v. DeCaavalconte*, 440 F.2d 1264 (3d Cir. 1971).

In order that the failure to require the requested cautionary instruction, and the effect of false statement convictions upon the conspiracy count may be fully reviewed, a writ of certiorari should be granted.

#### C O N C L U S I O N

As has been eloquently demonstrated by a concurring opinion of this Court, the doctrine of conspiracy, which has its roots in the Court of the Star Chamber, is imbued with substantial threats to many of our values, *Krutewitch v. United States*, 336 U.S. 440, 445 (1949) (Jackson, J., concurring). This danger is particularly acute where, as here, the "elastic, sprawling and pervasive offense", *Id.*, coalesces with the indefinite concept of fraud, which comes from *Hammerschmidt v. United States, supra* and its progeny. Due process, particularly its mandate of fair warning, requires that there be a definitive delineation of the scope of the conspiracy to defraud statute, and certiorari should be granted in this case to the end that such limits may be found. Petitioners submit that when this offense is defined, the federal crime with which they are charged will be neither federal, nor criminal.

Furthermore the conviction of Petitioner James A. Anderson is clearly in conflict with the decisions of this Court which require that each defendant be proved to have the knowledge necessary to the formation of the requisite intent.

In addition the District Court's refusal to give the requested cautionary instruction, coupled with the erroneous submission of the four false statement counts, created reversible error. By its failure to reverse the Court of Appeals' opinion is in conflict in principle with decisions

of this Court as well as those of other circuits. In order that this may be corrected a writ of certiorari should issue.

Respectfully submitted,

H. DAVID BLAIR  
P.O. Box 2595  
255 East College Avenue  
Batesville, Arkansas 72501

HARRY L. PONDER  
P.O. Box 271  
Walnut Ridge, Arkansas 72476

*Counsel for Petitioners*

## Appendix

**UNITED STATES COURT OF APPEALS  
FOR THE EIGHTH CIRCUIT**

Nos. 77-1647 and 77-1648

No. 77-1647

UNITED STATES OF AMERICA,  
*Appellee*  
v.  
LESLIE ANDERSON,  
*Appellant*

Appeal from the United  
States District Court for  
the Eastern District of  
Arkansas.

No. 77-1648

UNITED STATES OF AMERICA,  
*Appellee*  
v.  
JAMES A. ANDERSON,  
*Appellant*

Appeal from the United  
States District Court for  
the Eastern District of  
Arkansas.

Submitted: December 12, 1977

Filed: June 21, 1978

Before LAY, BRIGHT and HENLEY, Circuit Judges.

LAY, Circuit Judge.

Defendants Leslie Anderson and James A. Anderson were convicted of conspiring to defraud the United States, in violation of 18 U.S.C. §371, after a jury trial in the United States District Court for the Eastern District of Arkansas. In addition, Leslie Anderson was convicted on four counts charging that he made a false or fraudulent statement in a matter within the jurisdiction of a federal agency in violation of 18 U.S.C. §1001. Both defendants were fined and sentenced to terms of imprisonment.<sup>1</sup>

On appeal the defendants challenge the validity of their convictions on the conspiracy charge, asserting that the evidence was insufficient to establish that they engaged in a conspiracy to defraud the United States.<sup>2</sup> Leslie Anderson also challenges the sufficiency of the evidence on the false statement charges. We affirm the convictions on Count I. We reverse Leslie Anderson's conviction on Counts II-V,

<sup>1</sup>Leslie Anderson was sentenced to imprisonment for two years on the indictment as a whole. James Anderson received a sentence of two years, with six months to be served in a jail-type institution and the balance to be spent on probation.

<sup>2</sup>The defendants also argue that (1) the district court erred in refusing to grant defendants' motion to strike certain alleged surplusage in the indictment; (2) the district court erred in admitting evidence relating to those parts of the indictment alleged to be surplusage; and (3) the district court erred in instructing the jury. We have examined each of these contentions and find them to be without substantial merit. The allegations which the defendants attack as surplusage were relevant to the conspiracy charge and were not inflammatory or prejudicial. We therefore decline to disturb the trial court's denial of the defendants' motion to strike the allegations. See *Dranow v. United States*, 307 F.2d 545, 558 (8th Cir. 1962). Since the allegations were properly included in the indictment, admission of evidence in support of the allegations was proper.

The defendants urge that the trial court erred in refusing to specifically instruct the jury that if they found a conspiracy existed but was intended to defraud some entity other than the federal government, a verdict of not guilty was required. We have examined the charge as a whole and find that it adequately instructed the jury.

and remand the cause for resentencing of defendant Leslie Anderson.

The events which gave rise to the charges against the defendants involved two federally funded road construction projects in Sharp County, Arkansas. Defendant Leslie Anderson was the County Judge of Sharp County during the period of time alleged in the indictment, and as such he was a general financial officer of the county. In 1975 Judge Anderson obtained approval for two contracts relating to a project for paving and other improvements on the Grange Road, a county road between Arkansas Highway 230 and Arkansas Highway 115 in Sharp County. Both contracts were approved under a program administered through the Federal Highway Administration and the Arkansas State Highway Department whereby federal funds are used to pay 70 percent of the total cost, including labor and materials, of a project and state or local funds pay the remaining 30 percent of the total cost.

In a typical situation, the Arkansas State Highway Department works with the county in preparing a proposed plan for a road construction project. If the proposal is approved by the Federal Highway Administration, state representatives and county personnel then develop detailed plans and specifications for the job, including itemized estimates of the cost of each phase of the project. If these plans and specifications are approved by the federal agency, federal funds are earmarked for the project and a contract is executed which commits such funds in the amount of 70 percent of the total estimated cost. In the present case, Sharp County was to perform the construction work and furnish all labor and materials necessary for completion of the Grange Road project.

The first contract for improvements on the Grange Road was executed on March 4, 1975. Included in the total project cost was an estimate for labor and materials for fencing work in the amount of \$31,118.00. Work began pursuant to the contract in April of 1975. Defendant James A. Anderson, Judge Leslie Anderson's son, performed the fencing work specified in the contract during May and June of 1975. At the direction of Judge Anderson, a number of county workers employed under the Comprehensive Employment and Training Act of 1973 (CETA), 29 U.S.C. §801 et seq., performed labor for James A. Anderson on the fencing portion of the project.

Under the CETA program, Sharp County was authorized to hire a number of employees for work in the public sector. The county paid the workers' wages but was subsequently reimbursed in full by the United States Department of Labor through a system administered by the Arkansas Manpower Council. Judge Anderson submitted reimbursement invoices to the state office in June and July for work performed in May and June, respectively. The invoices listed wages paid by the county to a number of CETA employees, including those workers who had performed labor for James A. Anderson on the fencing project.

James A. Anderson purchased materials for the fencing work in April or early May. Acting as a straw man for James A. Anderson, a friend of both of the defendants named G. A. Perrin submitted the only bid on the job on June 6, 1975, the day after James A. Anderson had completed the work. The bid was in the amount of \$32,000.00, whereas the amount the highway department contract allowed was \$31,118.00.

In July of 1975, Perrin submitted a false claim against Sharp County in the amount of \$31,118.00 for the fencing work performed on the first Grange Road contract. The claim included the cost of labor which had been furnished to James A. Anderson under the CETA program at no cost to him. This claim was honored by Judge Anderson and paid by the county, which was eventually reimbursed for 70 percent of the claim with federal funds committed to the Grange Road project.

A similar sequence of events took place with regard to the second contract, executed on June 30, 1975. Again James A. Anderson performed the fencing work with the aid of CETA employees of Sharp County and through Perrin, the straw man, obtained compensation for the full contract estimate, including the cost of the labor rendered by the CETA employees.

Thus, although James A. Anderson was able to complete the fencing work using "free" labor, he was able to collect payment based on the estimated cost for labor and materials submitted in the plans and specifications approved by the Federal Highway Administration. Furthermore, although CETA workers were to be used by the county in jobs in the public sector, at the direction of Judge Anderson some CETA workers employed by Sharp County were actually performing duties for the benefit of James A. Anderson. This situation formed the basis of the conspiracy charged in Count I of the indictment.

#### *Conspiracy Charge.*

The defendants argue that the evidence introduced at trial was insufficient to establish an agreement between them, and further that if any agreement did exist its object and effect was not to defraud the United States. We are

satisfied that the evidence, taken in the light most favorable to the government and drawing all inferences in support of the jury verdict, was sufficient to establish an agreement between the defendants to defraud some governmental entity. See *Glasser v. United States*, 315 U.S. 60 (1942). We also believe that the jury was warranted in concluding that the scheme carried out by the defendants had the intended effect of defrauding the federal government.

The defendants assert that since no regulation prohibited the use of CETA employees on county projects receiving other types of federal funding, and since the Federal Highway Administration had obligated itself to pay the amounts submitted by James A. Anderson in his claims for fencing work, no agency of the federal government was defrauded. In essence, defendants' argument is that the federal government did not pay out any more money than it was legally obligated to pay; that the "double dipping" by the Andersons was a fraud against Sharp County but not the United States. We disagree.

It is clear that a conspiracy to "defraud the United States" within the meaning of 18 U.S.C. §371 need not result in a monetary loss to the federal government.

To conspire to defraud the United States means primarily to cheat the Government out of property or money, but it also means to interfere with or obstruct one of its lawful governmental functions by deceit, craft or trickery, or at least by means that are dishonest. It is not necessary that the Government shall be subjected to property or pecuniary loss by the fraud, but only that its legitimate official action and purpose shall be defeated by misrepresentation, chicane or the over-

reaching of those charged with carrying out the governmental intention.

*Hammerschmidt v. United States*, 265 U.S. 182, 188 (1924). See also *Dennis v. United States*, 384 U.S. 855, 861 (1966).

As a result of the inflated claim submitted to Sharp County by James A. Anderson, the federal government paid 70 percent of the overstated cost of the fencing work. Assuming, as the defendants contend, the county could make up its 30 percent contribution with labor including that of CETA employees, the obvious plan was not to save the county money, but to afford a means of concealing the payment of false labor costs to James A. Anderson. Even though the Federal Highway Administration spent no more than originally contemplated according to the estimates contained in the contract, the defendants' actions nonetheless interfered with the government's interest in "seeing that the entire project [was] administered honestly and efficiently and without corruption and waste." *United States v. Hay*, 527 F.2d 990, 998 (10th Cir. 1975), cert. denied, 425 U.S. 935 (1976). See *Harney v. United States*, 306 F.2d 523, 527 (1st Cir.), cert. denied, 371 U.S. 911 (1962). See also *United States v. Thompson*, 366 F.2d 167, 170-73 (6th Cir.), cert. denied, 385 U.S. 973 (1966); *Wagner v. United States*, 263 F.2d 877, 880 (5th Cir. 1959); *United States v. Weinberg*, 226 F.2d 161, 165-67 (3d Cir. 1955), cert. denied, 350 U.S. 933 (1956).

In addition to the effect of the defendants' activities on the highway program, the use of CETA employees for the sole benefit of James A. Anderson on his fencing "sub-contract" thwarted the intended purpose of the CETA program, which is to provide additional funding for jobs in the public sector. As the evidence at trial indicated, the CETA

employees involved in this case were to be used in public, not private, employment.<sup>3</sup> Thus, the defendants' scheme to misuse CETA employees to provide "free" labor to the advantage of James A. Anderson also supported the charge of conspiracy to defraud the United States. See *United States v. Holt*, 108 F.2d 365 (7th Cir.), cert. denied, 309 U.S. 672 (1940).

*False Statement Charges.*

The false statement charges upon which defendant Leslie Anderson was convicted were based on the four reimbursement invoices signed by him and submitted to the Arkansas Manpower Council in June and July, 1975 so that Sharp County could receive federal funds as reimbursement for wages paid to CETA employees, including those CETA employees assigned to work for James A. Anderson on the fencing project. Each reimbursement invoice contained the following certification:

I CERTIFY THAT (a) the State of Arkansas-CETA, Office of the Governor has not been billed for the services covered by this invoice; (b) funds have not been received from the State or expended for such services under any other contract agreement or grant; (c) the amount(s) claimed by this invoice constitute(s) allowable costs/expenditures under the terms of the

<sup>3</sup>Defense witness Jo Jackson, a former director of the Arkansas Manpower Council, testified that CETA employees could be used like any other county employee "so long as it was in a public sector." She further stated that use of CETA employees on private projects was prohibited. The regulations governing Title II CETA grants state:

Funds provided under Title II which are used for public service employment shall only be used to fund public service needs which have not been met and to implement new public services. . . .

29 C.F.R. §96.23(a).

contract agreement or grant; (d) all amounts for federal income, unemployment, and FICA taxes due through the end of the preceding quarter have been paid.

The government contends that, since federal highway funds irrevocably committed to the Grange Road project included an allocation for the services performed by CETA workers on the fencing job, clause (b) of the certification was false and by submitting the reimbursement invoices Judge Anderson violated 18 U.S.C. §1001.<sup>4</sup>

Judge Anderson asserts that the evidence adduced at trial failed to establish that clause (b) of the certification was false. We find the clause to be ambiguous. A reasonable interpretation of the terms "received" and "expended" could be that other federal funds have actually been paid out or actually received by the county for the work done. In the present case the federal funds had only been committed to the project but were still held by the Arkansas State Highway Department. Furthermore, in the context of the overall application the meaning of the phrase "any other contract agreement or grant" is somewhat unclear. A reasonable construction of the phrase would be that no prior CETA funds have been expended, rather than that no funds from some other unrelated federal grant have been expended. Under the government's theory every application for

<sup>4</sup>Title 18 U.S.C. §1001 provides:

Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

reimbursement for use of CETA employees on highway projects where there was any use of federal funds would be subject to a false statement charge under 18 U.S.C.A. §1001. We cannot agree.

In light of these ambiguities, under Counts II-V of the indictment, it was incumbent upon the government to introduce proof sufficient to establish the falsity of the statements as well as the defendant's knowing and willful submission of the statements. In carrying out that burden the government must negative any reasonable interpretation that would make the defendant's statement factually correct. See *United States v. Steinhilber*, 484 F.2d 386, 389-90 (8th Cir. 1973); *United States v. Diogo*, 320 F.2d 898, 907 (2d Cir. 1963). Our review of the record compels us to find that the government failed to clarify the facial ambiguities in the certification clause, and therefore failed to establish that Leslie Anderson willfully submitted the reimbursement invoices knowing the certifications to be false. We thus reverse Judge Anderson's conviction on Counts II-V.

#### *Sentencing.*

Although defendant Leslie Anderson was convicted on five separate counts, the trial court imposed a general sentence of two years on the indictment as a whole. We have recognized the difficulties which arise from the imposition of a general unapportioned sentence. *Peoples v. United States*, 412 F.2d 5, 7 (8th Cir. 1969). In view of the fact that we reverse four of the five counts upon which the general sentence imposed here was based, we remand Case No. 77-1647 so that defendant Leslie Anderson may be resentenced on Count I. Cf. *United States v. Moynagh*, 556 F.2d 799, 805 (1st Cir. 1977).

The judgment in Case No. 77-1648 is affirmed. The judgment in Case No. 77-1647 is affirmed in part, reversed in part and remanded.

**HENLEY**, Circuit Judge, concurring in part and dissenting in part.

I concur with the majority in its decision that the conviction of the defendant, Leslie Anderson, on the substantive counts of the indictment should be reversed and that a judgment of acquittal on those counts should be entered. I also agree in the circumstances Judge Anderson should be resentenced on Count I assuming that his conviction on that count is to be upheld.

However, in my opinion the conviction of both defendants on Count I should be reversed and judgments of acquittal on that count should be entered. For that reason I respectfully dissent from the majority's decision with respect to the count in question.

I think that the jury was fully justified in finding that the defendants conspired to defraud Sharp County, that the result of their conspiracy was to inflict some financial loss on the county and to require the federal government ultimately and indirectly to pay twice for some of the same work that the CETA employees performed on the Grange Road project.

But, as far as Count I is concerned, the question is not whether Judge Anderson and his son, and perhaps others, conspired to defraud the county or whether or to what extent their plan succeeded. The question is whether they conspired to defraud the United States or any of its agencies in violation of 18 U.S.C. §371.

I recognize that the concept of "fraud against the government" has been defined broadly in cases arising under §371. Such a conspiracy is not limited to schemes to cheat the government or its agencies out of their money or property. As the majority opinion correctly recognizes, the government is defrauded in legal contemplation if federal programs or functions are knowingly interfered with, subverted or obstructed. See the cases cited in the majority opinion.

The opinion of the court characterizes the alleged conspiracy as having been one to divert county funds to James Anderson in the manner described in the court's opinion and with the ultimate impact on the federal agencies that has been mentioned. And, the majority says that such a scheme would necessarily interfere with the government's interest in seeing its road aid program (the 70-30 program) and its public employment program (CETA) administered honestly and efficiently and without corruption and waste and was, therefore, a conspiracy to "defraud" the Transportation Department and the Labor Department.

Conceding arguendo that the conspiracy postulated by the majority would be a conspiracy to defraud the United States and its agencies, that conspiracy in my view is not the one charged in the indictment and is not the one that the government undertook to prove at the trial.

The thrust of the conspiracy charge against the Andersons was not that the CETA employees of the county had been assigned to a project that had been subcontracted to a private party, but, on the other hand, was that the employees in question were assigned to work on a road project that ultimately and indirectly would be paid for to the extent of 70% with federal funds disbursed by the Depart-

ment of Transportation to reimburse the Arkansas State Highway Department for funds that it had paid over to the county on approved estimates as the work progressed.

Under the government's theory, at least one of the two federal agencies would have been defrauded even if the fencing work on the Grange Road had not been subcontracted at all. In other words, under that theory the government would have been defrauded automatically and the county unjustly enriched by the mere assignment of CETA employees to a project that ultimately was being funded in whole or in part with federal money from another source. However, the government has cited nothing by way of authority to sustain such a fraud *per se* theory.

The assignment of CETA personnel to the Grange Road project did not cost the government any money that it would not have spent anyway. Nor did the assignment interfere with or obstruct either the CETA program or the road aid program. The purpose of the former program was to give work to people who needed it; the purpose of the latter program was to enable counties to build roads; when the CETA employees were assigned to the Grange Road project, both of the federal agencies involved got exactly what they had bargained for.

As stated, I would reverse the conviction of both defendants on Count I as well as the conviction of Judge Leslie Anderson on Counts II-V.

A true copy.

Attest:

CLERK, U. S. COURT OF APPEALS,  
EIGHTH CIRCUIT.